

Message Text

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12

ACTION SS-25

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S E C R E T KUWAIT 3371

EXDIS

E.O. 11652: GDS

TAGS: ENRG

SUBJ: OIL EXPROPRIATIONS: U.S. POSITION

REF: A) STATE 184017, B) STATE 182239, C) KUWAIT 3270

1. REGRET I GAVE DEPT IMPRESSION IN REF C THAT GOK MIGHT TAKE UNILATERAL ACTION AGAINST COMPANIES OR PRESENT NON-NEGOTIABLE DEMANDS DURING UPCOMING MEETINGS WITH COMPANIES ON PARTICIPATION. BY USING WORDS "ASK FOR" INSTEAD OF "DEMAND" IN SPEAKING OF ATEEQI'S POSITION, I MEANT TO AVOID PRECISELY THAT INTERPRETATION. GOK IS CLEARLY AWARE OF ITS OBLIGATIONS TO ENSURE THAT KUWAIT'S CUSTOMERS GET THEIR OIL, AND IS EQUALLY AWARE OF KUWAIT'S DEPENDENCE STILL ON OIL COMPANIES IN EXTRACTION AND MARKETING OF KUWAITI OIL. AT SAME TIME GOK HAS CANTAKEROUS NATIONAL ASSEMBLY TO CONTEND WITH AND THEREFORE OFTEN FEELS IT NEEDS TO CLOTHE ITS BASIC MODERATION IN "RADICAL" CLOTHING. FOR EXAMPLE, AS ATEEQI SAID (KUWAIT 3271) OAPC SUPPORT OF LIBYAN EXPROPRIATIONS WAS FROM HIS VIEWPOINT PURE WINDOW DRESSING. I KNOW TOP KOC MANAGEMENT HERE AGREES WITH THIS ANALYSIS AND I AM VIRTUALLY CERTAIN THAT DORSEY OF GULF AND TOP BP MANAGEMENT DO TOO. (THIS COULD BE CHECKED.)

2. I SUGGEST THEREFORE THAT WE MUST BE VERY CAREFUL OF WHAT WE SAY TO KUWAITIS AND HOW WE SAY IT. IT WOULD ONLY INCREASE
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POSSIBILITY THAT GOK WOULD MAKE WRONG MOVE IF IT GAINED IDEA THAT USG WAS PUT UP TO MAKING THIS DEMARCHE BY GULF AND BP WHO, KUWAITIS WOULD SAY, MUST KNOW GOK NEVER HAS SLAPPED COMPANIES IN FACE IN THIS MANNER AND HAD NO INTENTION DOING SO NOW. MOREOVER,

IN MY OPINION USG SHOULD AVOID APPROACH TO KUWAIT (WITH ITS 70 BILLION BARRELS OF RESERVES) ON BEHALF OF OUR OIL COMPANIES AT LEAST UNTIL IT CLEAR COMPANIES AND GOK ARE HEADED TOWARD DEADLY CONFRONTATION. THIS DOES NOT APPEAR TO BE CASE AT PRESENT BOTH BECAUSE GOK AND COMPANIES CONTINUE BELIEVE THEY NEED EACH OTHER AND DO NOT WANT CONFRONTATION, AND BECAUSE BOTH ARE MORE INTERESTED IN ULTIMATE ESSENTIALS OF GETTING OIL TO CUSTOMERS IN ADEQUATE QUANTITIES AT ACCEPTABLE PRICE THAN IN PRECISE TERMS OF PARTICIPATION.

3. I BELIEVE MATTER SHOULD NOT IN ANY CASE BE RAISED WITH ANYONE IN GOK EXCEPT ATEEQI WHO OUT OF TOWN JUST NOW. FONMIN SABAH ALSO OUT OF TOWN. THERE NO ONE BELOW ATEEQI IN MINISTRY OF FINANCE AND OIL THAT COULD TRULY BE TRUSTED NOT USE DEMARCHE TO SHOW "USG PRESSURE" ON KUWAIT, AND PRIME MINISTER JABER AL-AHMAD MUST BE CREDITED WITH TYPE OF WARY AND SUSPICIOUS MIND CAPABLE OF INTERPRETING APPROACH AS UNNECESSARY AND UNWARRANTED PRESSURE TACTICS ON PART GULF AND BP. RESULT COULD WELL BE TO UNDERMINE A MUTUAL CONFIDENCE THAT HAS EXISTED FOR 27 YEARS.

4. WITH DEPT APPROVAL, I PROPOSE WAIT UNTIL ATEEQI RETURNS ABOUT SEPT 30. I KNOW HIM WELL AND BELIEVE I CAN CONVEY OUR DEEP CONCERNS AND DISCUSS PARTICIPATION AGAIN WITHOUT GIVING HIM FEELING WE ASSUME KUWAIT CAPABLE OF TAKING SAME FOOLISH AND DANGEROUS ROAD THAT LIBYANS HAVE TROD.
STOLTZFUS

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